

COLORCOUNTRY ROCK LLC

3600 S. 1700 E.
SAINT GEORGE, UT 84790
(435) 652-1885

SUNFIRST BANK
ST. GEORGE, UTAH 84770
97-304-1243

05/10/10
600.00
\$ ~~150.00~~

PAY TO THE
ORDER OF

Utah State DOGM

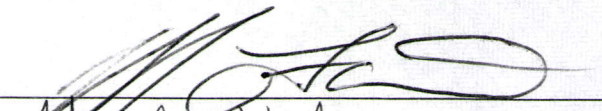
~~One hundred fifty~~ and no/100
Dix

DOLLARS

MEMO

Annual permit

ORIGINAL CHECK
ROUTED TO ACCOUNTING


Gordon Holt MP

RECEIVED

MAY 17 2010

DIV. OF OIL, GAS & MINING



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 20, 2010

CERTIFIED RETURN RECEIPT
7003 2260 0002 0247 9437

Paulbatter@utah.gov

Jeff Fawcett
Color Country Rock, LLC.
2160 Panorama Pkwy
St. George, UT 84790

Subject: Division Directive, Permit Suspended for Failure to Pay Required Permit Fees, Color Country Rock, LLC., Vermilion Mine, S/053/0076, County, Utah

Response Required by: June 1, 2010

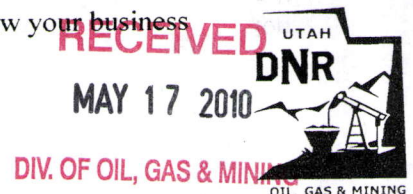
Dear Mr. Fawcett:

Several concerns were noted during a recent inspection of your Vermilion Mine in Washington County. First, the annual permit fee which was due July 30, 2009 has not been received. Pursuant to rule **R647-3-102**, "failure by the operator to pay the permit fees required by R647-3-101(7), will suspend an operator's authorization to conduct small mining operations". Your permit has now been suspended. You are hereby directed to remit the past due amount of \$150.00 by May 6, 2010, to remove the suspended status. Failure to provide the past due fees by this date may result in the Division taking enforcement action and/or requiring immediate reclamation of the site.

Second, a GPS survey of the site has identified approximately 5.7 acres of mine-related disturbance. Pursuant to R647-3-114, prior to expanding a small mining operation beyond 5 acres, an operator must submit a Notice of Intent to Commence Large Mining Operations and receive Division Approval. To avoid formal enforcement action on this issue, you are hereby directed to either submit a Notice of Intention to Commence Large Mining Operations to the Division or reclaim sufficient acreage to reduce the disturbed area to less than five acres by June 1, 2010.

Third, the reclamation surety is considered inadequate. The original surety amount of \$15,000.00 was provided in 2006 for 3.5 acres. The surety should have been adjusted for inflation in 2009. In addition to the increase due to inflation, you must also provide surety for the increased acreage. The total surety amount now required is \$30,000. Please provide an increase to your surety of \$15,000.00 by June 1, 2010. Please contact Penny Berry at (801)-538-5310 or email at bondcoordinator@utah.gov to obtain the necessary forms.

Finally, your business registration has expired. You will need to renew your business registration with the Division of Corporations by June 1 as well.

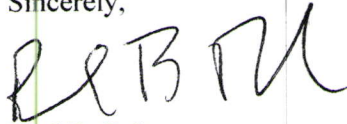


Jeff Fawcett
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April 20, 2010

The Division may also pursue formal enforcement action, which may include civil penalties, permit revocation and bond forfeiture proceedings before the Board of Oil, Gas and Mining, if these issues are not resolved in a timely manner. Permit revocation will *terminate your right to mine* and require immediate reclamation of all mining-related surface disturbances at the site.

If you believe the Division records are in error regarding payment of permit fees, you may provide a copy of the cancelled checks as proof of your payment. If you have addition questions or concerns regarding this letter, please don't hesitate to call me at (801) 538-5261 or Lynn Kunzler at (801) 538-5310. Thank you for your prompt response and cooperation in resolving these issues.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:lk:pb

cc: Russell Schreiner, BLM (Russell_Schreiner@BLM.gov)
Lynn Kunzler, DOGM
Penny Berry, DOGM

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Talked with Paul Batter 05/10/10
1.) Send out payment
2.) Time line for reclamation of Vermillion
3.) Increase bonding

Utah DOGM

P.O. Box 145841

Salt Lake City, Utah 84114-5801

Return Address

2100 E. Panorama Pkwy
St. George, Utah 84790